

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address
Utility Cost and Revenue Issues Associated
with Greenhouse Gas Emissions.

Rulemaking 11-03-012
(Filed March 24, 2011)

**DECISION GRANTING COMPENSATION TO NATURAL RESOURCES DEFENSE
COUNCIL FOR SUBSTANTIAL CONTRIBUTION TO DECISION 12-12-033**

Claimant: Natural Resources Defense Council	For contribution to Decision (D.) 12-12-033
Claimed (\$): \$50,438.75	Awarded (\$): \$50,438.75
Assigned Commissioner: Michael Peevey	Assigned ALJs: Semcer and Halligan

PART I: PROCEDURAL ISSUES

A. Brief Description of Decision:	D.12-12-033 adopts a methodology to collect costs and return revenues to customers associated with the purchase and sale of carbon allowances allocated to the electric utilities under the California Air Resources Board's cap-and-trade program.
--	---

B. Claimant must satisfy intervenor compensation requirements set forth in Public Utilities Code §§ 1801-1812:

	Claimant	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference:	1st: June 2, 2011 2nd: August 1, 2011	Verified
2. Other Specified Date for NOI:	n/a	
3. Date NOI Filed:	August 22, 2011 (revised per 2 nd PHC)	Verified
4. Was the NOI timely filed?		Yes
Showing of customer or customer-related status (§ 1802(b)):		
5. Based on ALJ ruling issued in proceeding number:	A.10-07-007 and A.11-09-016	R.11-03-012
6. Date of ALJ ruling:	February 21, 2013	December 1, 2011
7. Based on another CPUC determination (specify):	n/a	
8. Has the Claimant demonstrated customer or customer-related status?		Yes
Showing of “significant financial hardship” (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	A.10-07-007 and A.11-09-016	R.11-03-012
10. Date of ALJ ruling:	February 21, 2013	December 1, 2011
11. Based on another CPUC determination (specify):	n/a	By ruling dated October 28, 2011 in A.11-05-017. (The October 2011 ruling created a rebuttable presumption which was relied upon for the finding made in the ruling dated December 1, 2011 in R.11-03-012.)
12. Has the Claimant demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.12-12-033	Verified
14. Date of Issuance of Final Order or Decision:	December 28, 2012	Verified
15. File date of compensation request:	February 26, 2013	Verified
16. Was the request for compensation timely?		Yes

C. Additional Comments on Part I :

#	Intervenor's Comment(s)	CPUC Discussion
1	NRDC submitted a revised NOI on August 22, 2011 following the second PHC in this proceeding held on August 1, 2011.	The Commission accepts this assertion.

PART II: SUBSTANTIAL CONTRIBUTION**A. In the fields below, describe in a concise manner Claimant's contribution to the final decision (see § 1802(i), § 1803(a) & D.98-04-059).**

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<ul style="list-style-type: none"> The following italicized headers correspond to the substantive issue areas used to categorize staff timesheets, which track the section headings in the final decision. 		
<p><i>1. Policy Objectives (B)</i></p> <p><u>Maintaining the Carbon Price Signal</u></p> <ul style="list-style-type: none"> NRDC advocated throughout the proceeding for retaining the carbon price signal in retail electricity rates (including before the formation of the Joint Parties in responding to the Joint Utilities' request for an Interim Decision). With the other Joint Parties, NRDC made retaining the accuracy and visibility of the carbon price a cornerstone of the Joint Parties' proposal. The Commission agreed, noting its allocation methodology is "guided principally by a desire to maintain the carbon price in rates." 	<ul style="list-style-type: none"> Joint Parties' Initial Proposal (10/05/11), at 9, 10-13, 43-46. Joint Parties' Revised Proposal (01/06/12), at 7, 9-12, 47-50. Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 4-5, 7 Reply Comments of the Joint Parties on Parties' Revised Proposals (02/14/12), at 11-14. Opening Comments of the Joint Parties on the PD (12/6/12), at 8. Reply Comments of the Joint Parties on the PD (12/11/12), at 3. D.12-12-033, at 4 "In today's decision, we are guided principally by a desire to maintain the carbon price in rates and therefore ensure that the price of goods and services reflects the full cost of carbon in order to send the clearest signal to ratepayers to make the most efficient economic decisions. We believe this outcome most fully comports with the intentions of Assembly Bill 32." 	Yes

<ul style="list-style-type: none"> • NRDC led the Joint Parties' advocacy in highlighting the value at both the wholesale and retail level of retaining a carbon price signal in retail electricity rates, against the view of the Utilities and other parties. The Commission agreed in the final decision. • NRDC led the Joint Parties' advocacy against using allowance value to offset costs of other clean energy or customer EE programs (<i>e.g.</i> the RPS), a position the Commission adopted. 	<ul style="list-style-type: none"> • D.12-12-033, at 64 “We note that a number of parties have argued that a carbon price can materially impact resource choices. The Joint Parties, for example, argue that the Cap-and-Trade program can facilitate changes in consumer behavior over the long run and “elevate the visibility of energy efficiency opportunities...” • <i>See, e.g.</i>, Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 7 (“In addition to blunting incentives at both the retail and wholesale level...”). • D.12-12-033, at 60 “Just as carbon pricing creates an economic incentive for the wholesale electricity market to reduce its GHG emissions, carbon pricing creates an additional incentive for retail electricity customers to substitute away from energy and/or emissions intensive activities, as well as invest in energy efficiency and other measures that have the effect of reducing their exposure to GHG costs.” • <i>See, e.g.</i>, Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 12-13 (“While climate mitigation is an important reason to require increased renewable energy, it is decidedly not the only purpose of the program...the RPS is justified in statute for a variety of reasons, including increased fuel diversity, energy security, reduced toxic and criteria air pollution, and green job and clean energy leadership.”). • D.12-12-033”The benefits of these programs [RPS, EE] extend beyond energy and GHG benefits and include improved air quality, environmental protection, economic development, and resource diversity and energy security.” 	
---	---	--

<p><u>Customer Education</u></p> <ul style="list-style-type: none"> NRDC proposed the Joint Parties' recommendation to include customer education as a stand-alone policy objective the Commission should include in assessing parties' allocation proposals. The Commission agreed and selected customer education as the only new objective to the objectives initially proposed by the Commission (among a range of new objectives proposed by the parties). 	<ul style="list-style-type: none"> Joint Parties' Initial Proposal (10/05/11), at 10. Joint Parties' Revised Proposal (01/06/12), at 9. Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 7. D.12-12-033, at 55 "Finally, DRA and the Joint Parties suggested that the Commission adopt a policy objective to educate customers about the impacts and benefits of the Cap-and-Trade program." D.12-12-033, at 55 "...the Joint Parties suggest that the Commission should evaluate proposals according to all of the objectives suggested in the scoping memo for this proceeding, along with a new objective that they propose. This new objective, which is also proposed by DRA, is the facilitation of customers' understanding of and support for California's climate change programs. The Joint Parties recommend that the Commission should prioritize proposals that advance the most policy objectives, rather than focusing on one or a few key objectives to the exclusion of others." D.12-12-033, at 55 "We rely primarily on the objectives initially proposed by the Commission because the majority of parties' proposed objectives, with one exception, were either developed to support their own GHG allowance revenue distribution methodologies or can be seen as a subset of a Commission proposed objective. The one exception is the objective addressing customer education." Joint Parties' Initial Proposal (10/05/11), at 9, 17-24, 44, 50. Joint Parties' Revised Proposal (01/06/12), at 8, 16-23, 48, 54. Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 9-10. 	
--	--	--

<p><u>Reduce Adverse Outcomes on Low Income Households</u></p> <ul style="list-style-type: none"> Preventing adverse impacts on low income households through the direct crediting of allowance revenue was a priority objective of NRDC and the Joint Parties, which the Commission embraced in the final decision. <p><u>Distribute Revenues Equitably Recognizing the “Public Asset” Nature of the Atmospheric Carbon Sink</u></p> <ul style="list-style-type: none"> NRDC joined with the Joint Parties in advocating for the return of allowance revenues to all households, consistent with the notion of public ownership of the atmospheric commons. The Commission agreed and integrated this approach into the final decision. 	<ul style="list-style-type: none"> Reply Comments of the Joint Parties on Parties’ Revised Proposals (02/14/12), at 11. Opening Comments of the Joint Parties on the PD (12/6/12), at 6. Reply Comments of the Joint Parties on the PD (12/11/12), at 3. D.12-12-033, at 110 “Furthermore, by returning remaining GHG allowance revenue to all residential customers (and not only those that bear direct GHG costs,) we achieve our policy objective of reducing adverse impacts to low-income households.” Joint Parties’ Initial Proposal (10/05/11), at 9, 10-13, 43-46. Joint Parties’ Revised Proposal (01/06/12), at 8, 21-23, 48. Opening Comments of the Joint Parties on Parties’ Revised Proposals (01/31/12), at 11. Opening Comments of the Joint Parties on the PD (12/6/12), at 6. D.12-12-033, at 69 “Returning revenues equally to all residential customers is more equitable and comports with the idea of common ownership of the atmosphere given that residential ratepayers will ultimately bear the increased costs as a result of the Cap-and-Trade program, as discussed in greater detail later in this decision.” 	
<p>2. <i>Allocation Methodology - Overall (C)</i></p> <ul style="list-style-type: none"> NRDC developed the basic structure of the Joint Parties’ overall allocation methodology and the underlying data 	<ul style="list-style-type: none"> As directed by the ALJs, NRDC presented the Joint Party allocation proposal at both the November 2, 2011 and January 11, 2012 workshops. Joint Parties’ Initial Proposal (06/20/11), at 13-43. 	Yes

<p>analysis, legal research, and communication materials to support it. The Joint Parties' proposal stood apart from the other proposals submitted in the proceeding by recommending the Commission allocate a significant portion of revenues for investments in clean energy and energy efficiency (one of the threshold issues the Commission requested proposals on), and from the Utilities and other parties by recommending a non-volumetric return (which the Commission adopted for all customers except for upper-tier residential customers, as elaborated on below). This ensured a robust record from which the Commission had sufficient information to base its decision.</p>	<ul style="list-style-type: none"> Joint Parties' Revised Proposal (01/06/12), at 12-28. D.12-12-033, at 34 	
<p>3. <i>Emissions-Intensive and Trade-Exposed Entities (D)</i></p> <ul style="list-style-type: none"> NRDC and the Joint Parties developed a proposal for returning revenues to EITE customers that provided allowance revenues to compensate for indirect emissions exposure without blunting the carbon price signal – a goal cited by the Commission in the final decision to guide the next phase of this proceeding, which will develop specific allocation formulas for EITE entities. 	<ul style="list-style-type: none"> Joint Parties' Revised Proposal (01/06/12), at 23-24. Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 11. Opening Comments of the Joint Parties on the PD (12/6/12), at 4. Reply Comments of the Joint Parties on the PD (12/11/12), at 4. D.12-12-033, at 100 “We believe that the methodology we adopt here achieves the goals of the Joint Parties to preserve a carbon price signal but does so using formulas that mirror the existing ARB process, which has been thoroughly developed and publicly vetted.” 	Yes
<p>4. <i>Small Business Customers (E)</i></p>		Yes

<ul style="list-style-type: none"> Following passage of SB 1018, which directed the Commission to credit allowance revenues directly to “small businesses,” NRDC led the Joint Parties’ advocacy to limit the overall allocation to small businesses and prevent a volumetric return. <u>Overall amount</u>: NRDC drafted the Joint Party reply comments that argued energy costs represent a small fraction of total revenue for the majority of small business customers in California, which the Commission cited and agreed with in the final decision as a reason to employ ARB’s ‘low’ assistance factor for returning allowance revenues to small businesses. <u>Method of return</u>: NRDC drafted the Joint Party reply comments that argued against a pure volumetric return to small business customers to preserve the carbon price signal in their electricity rates. The Commission agreed with this position. 	<ul style="list-style-type: none"> Reply Comments of the Joint Parties on the Impact of SB 1018 (06/20/11), at 13. Opening Comments of the Joint Parties on the PD (12/6/12), at 5. Reply Comments of the Joint Parties on the PD (12/11/12), at 3. D.12-12-033, at 104-05 “In their August 1, 2012, comments, the Joint Parties argue that, for the majority of small businesses in California, energy related costs represent only a small fraction of total revenue. We are inclined to agree with the Joint Parties’ assessment.” D.12-12-033, at 105, “It is our intent that small businesses should see a carbon price signal in their electricity rates.” 	
<p>5. <i>Residential Return – Upper Tier (F)</i></p> <ul style="list-style-type: none"> NRDC and the Joint Parties argued the value in retaining the carbon price signal in retail rates to encourage efficiency and conservation – recognized by the Commission in past decisions and by ARB – weighed against providing a volumetric return for any customer segment. While the Commission adopted a volumetric return for upper tier residential customers, the Commission elected to do so only in light of existing statutory restraints (SB 695) 	<ul style="list-style-type: none"> Joint Parties’ Initial Proposal (06/20/11), at 16-21, 47, 51. Joint Parties’ Revised Proposal (01/06/12), at 13-22, 43, 47. Opening Comments of the Joint Parties on Parties’ Revised Proposals (01/31/12), at 4-8. Reply Comments of the Joint Parties on Parties’ Revised Proposals (02/14/12), at 10-14. Opening Comments of the Joint Parties on the PD (12/6/12), at 6-9. D.12-12-033, at 114, “In electing to offset all Cap-and-Trade-related 	Yes

<p>that restrict the Commission's authority to apportion costs among residential customers. Should those external restraints be removed, the final decision finds "it would no longer be appropriate" to provide a volumetric return and "the carbon price signal should be fully reflected in residential rates and all remaining revenue should be returned on a non-volumetric basis." For this reason, the Commission rejected a volumetric return for upper-tier residential customers of utilities not subject to SB 695 (e.g., PacifiCorp). NRDC and the Joint Parties' advocacy to retain the carbon price signal in electricity rates by preventing a pure volumetric return for all customers (including upper-tier residential customers) is therefore reflected in the final decision.</p>	<p>costs in upper-tier residential rates, however, we wish to underscore that we are only adopting this approach as a result of the disproportionate costs allocated to upper-tier customers under the current tiered residential rate structure, which would be further exacerbated by the inclusion of GHG costs. Should the differences between lower and upper-tier residential rates be substantially reduced or eliminated, it would no longer be appropriate to use allowance revenue for this purpose. In that event, the carbon price signal should be fully reflected in residential rates and all remaining revenue should be returned on a non-volumetric basis as described below."</p>	
<p>6. <i>Residential Return – All Households (G)</i></p> <ul style="list-style-type: none"> NRDC and the Joint Parties advocated that the bulk of allowance revenues should be returned to all households to facilitate education and support for the program, offset costs where they are likely to fall, and share equitably in revenues from public ownership of the atmospheric commons. This approach was adopted by the Commission. 	<ul style="list-style-type: none"> Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 8-11. Opening Comments of the Joint Parties on the PD (12/6/12), at 6-9. Reply Comments of the Joint Parties on the PD (12/11/12), at 2-3. D.12-12-033, at 109 "Remaining revenues shall be returned equally on a per residential account basis (a non-volumetric return) to help defray the indirect costs of the Cap-and-Trade program that will ultimately be borne by residential customers." 	<p>Yes</p>

<p><u>Crediting Allowance Revenues to Low Income Households</u></p> <ul style="list-style-type: none"> • Crediting allowance revenue directly to low income households to offset the indirect costs of carbon pricing in the general economy was a cornerstone of the Joint Parties' proposal, and embraced by the Commission in the final decision. 	<ul style="list-style-type: none"> • Joint Parties' Initial Proposal (10/05/11), at 9, 17-24, 44, 50. • Joint Parties' Revised Proposal (01/06/12), at 8, 16-23, 48, 54. • Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 9-10. • Reply Comments of the Joint Parties on Parties' Revised Proposals (02/14/12), at 11. • Opening Comments of the Joint Parties on the PD (12/6/12), at 6. • Reply Comments of the Joint Parties on the PD (12/11/12), at 3. • D.12-12-033, at 67, "Under the Cap-and-Trade program, it is possible, and, in our view, likely, that low-income households' non-energy expenses will increase as businesses pass through the direct and indirect costs of compliance with Cap-and-Trade into the prices they charge for goods and services. The impact of these price increases will likely be proportionally greater on lower income households as these households tend to spend a greater proportion of their incomes on basic goods and services." 	
<p>7. <i>Investment in Energy Efficiency and Clean Energy (H)</i></p> <p><u>Authority to Allocate Allowance Revenues for Clean Energy and Energy Efficiency Projects (PUC Section 748.5(c) Requirements)</u></p> <ul style="list-style-type: none"> • NRDC developed and drafted the Joint Parties' legal interpretation of PUC Section 748.5(c) regarding the scope of the 		Yes

<p>Commission’s authority to invest auction revenues in “clean energy and energy efficiency projects established pursuant to statute that are administered by the [Utilities] and that are not otherwise funded by another funding source,” which the Commission adopted in the final decision over alternative interpretations proposed by the Utilities and other parties.</p> <p><u>“Established Pursuant to Statute”</u></p> <ul style="list-style-type: none"> NRDC argued this provision signaled the Legislature’s intention that the Commission stay within its jurisdictional purview by allocating revenues to buttress clean energy and energy efficiency projects that are authorized under the Commission’s existing statutory authority. <p><u>“Not Otherwise Funded”</u></p> <ul style="list-style-type: none"> NRDC argued the intent of the Legislature was to avoid duplication and fund-shifting; therefore, a reasonable interpretation of 	<ul style="list-style-type: none"> Opening Comments of the Joint Parties on the Impact of SB 1018 (08/01/12). (At 6-8.) Reply Comments of the Joint Parties on the Impact of SB 1018 (08/13/12), at 3-5. D.12-12-033, at 95 “We find that, as argued by the Joint Parties, a restrictive read of § 748.5(c) would render the provision effectively meaningless, a perverse outcome that would require the Legislature to step into the role of adopting clean energy and energy efficiency programs and projects that have traditionally been under the Commission’s statutory jurisdiction.” Opening Comments of the Joint Parties on the Impact of SB 1018 (08/01/12). (At 6-8.) Reply Comments of the Joint Parties on the Impact of SB 1018 (08/13/12), at 3-5. D.12-12-033, at 96-97 “As suggested by the Joint Parties, we find that the most reasonable interpretation of the statute that promotes the statute’s general purpose is the requirement that any GHG allowance revenue directed toward clean energy project be additional to previously existing activities, regardless of whether a project is new or already in 	
--	---	--

<p>this language is that revenues in this proceeding can be used to fund new and supplemental projects that build on and address gaps in the Commission's current suite of customer programs.</p>	<p>existence.”</p>	
<p>8. <i>Customer Education (I)</i></p> <ul style="list-style-type: none"> NRDC and the Joint Parties argued the manner in which allowance revenues are credited to customers provides a key opportunity for customer education and outreach, which will be integral to the rollout and enduring success of the program. The substantive work supporting the promotion of these recommendations – in addition to the comments on the PD as noted below - was integral to elevating the importance of customer education and integrating outreach and education in the allocation methodology and implementation process adopted in final decision. In comments on the PD, NRDC and the Joint Parties argued that the Utilities' customer education and implementation plans should ensure hard-to-reach customers have access to adequate information regarding the crediting of allowance revenues. The Commission adopted this recommendation in the final decision. 	<ul style="list-style-type: none"> Joint Parties' Initial Proposal (10/05/11), at 10. Joint Parties' Revised Proposal (01/06/12), at 9. Opening Comments of the Joint Parties on Parties' Revised Proposals (01/31/12), at 7. Opening Comments of the Joint Parties on the PD (12/6/12), at 9. D.12-12-033, at 135 “We make the following substantive revisions and clarifications to the proposed decision...In Section 5.8.1, we find that customer outreach activities must ensure that hard-to-reach customers receive adequate information and education.” 	<p>Yes</p>

B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

	Claimant	CPUC Verified
a. Was the Office of Ratepayer Advocates (ORA)¹ a party to the proceeding?	Yes	Yes
b. Were there other parties to the proceeding with positions similar to yours?	Yes	Yes
c. If so, provide name of other parties: Sierra Club California, Greenlining Institute, Union of Concerned Scientists, National Consumer Law Center, California Housing Partnership Corporation, Local Government Sustainable Energy Coalition, Climate Protection Campaign, and the Community Environmental Council (collectively the “Joint Parties”).		Yes
d. Describe how you coordinated with ORA and other parties to avoid duplication or how your participation supplemented, complemented, or contributed to that of another party: NRDC worked in and led a diverse, nine-member coalition throughout the proceeding to avoid redundancy, find common ground and put forth joint compromise positions that resolved issues before reaching the formal Commission process. This was in accordance with direction from the ALJs to the parties to work together to limit the total number of proposals presented in the proceeding. NRDC convened and played a lead role in the Joint Parties’ coalition, which developed one of only a handful of comprehensive proposals submitted for consideration in the proceeding. NRDC’s advocacy was spearheaded by one representative - Alex Jackson - , eliminating any internal duplication. There are no hours claimed for other staff members who supported Mr. Jackson’s work in this proceeding, even though the hours at times were substantive.		Yes

C. Additional Comments on Part II:

#	Intervenor’s Comment(s)	CPUC Discussion
1	This proceeding asked parties to present proposals on how to allocate costs and revenues from the sale of greenhouse gas emission allowances allocated to the electric utilities under the cap-and-trade program. The proceeding covered a broad range of issues, including the appropriate policy objectives to guide the Commission’s decision-making, the appropriate uses of the revenue, how to apportion costs and revenues to customers, and several technical and legal questions. Due to intervening factors such as the Air Resources Board’s decision to suspend compliance	The Commission accepts this assertion.

¹ The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill (SB) 96 (Budget Act of 2013), which was approved by the Governor on September 26, 2013.

	<p>obligations under the cap-and-trade program until 2013 and the passage of SB 1018, both of which directly impacted the issues, scope, and timing of this proceeding, the proceeding involved extensive participation from the parties.</p> <p>The ALJs directed parties to develop and serve both an initial proposal and a revised proposal covering the full suite of issues at stake in the proceeding. Parties served opening and reply comments on the revised proposals submitted by the parties. Parties also served opening and reply comments on the impact of SB 1018, before submitting opening and reply comments on the PD.</p> <p>The extensive commenting required by the multiple and detailed filings in this proceeding is reflected in the hours claimed by NRDC, which led the drafting efforts for the Joint Parties (including both proposal iterations and comments).</p>	
2	<p>NRDC also spent considerable time on legal and policy research and data analysis to support the Joint Parties' proposal and advocacy positions, which as documented above contributed substantially to the final decision. For example, NRDC researched and developed the Joint Parties' responses to legal issues as they arose in the proceeding, including the applicability of AB 1338 (raised at the first workshop, although not referenced in the final decision). NRDC also developed a model to calculate the rate and bill impacts of the Joint Parties' allocation proposal for PG&E, SDG&E and SCE, which was a necessary component of developing a comprehensive allocation proposal (and predated the ALJs' direction to the Utilities to develop a model for all parties to use in the proceeding).</p>	<p>The Commission accepts this assertion.</p>

PART III: REASONABLENESS OF REQUESTED COMPENSATION**A. General Claim of Reasonableness (§§ 1801 & 1806):**

a. Intervenor's claim of cost reasonableness:	CPUC Verified
<p>NRDC played a lead role in the Joint Parties' coalition, which produced a comprehensive, 55 pg. proposal (supported by multiple appendices) reflecting the shared objectives of the coalition and the Commission's policy objectives to guide decision-making in this proceeding. NRDC convened the original group and facilitated meetings, phone conferences, and coalition strategy. NRDC led the drafting of the Joint Parties' filings throughout the proceeding and the legal and policy research, data compilation and analysis, and rate/bill impact models to support it. NRDC subsequently led the coalition effort to present and defend the Joint Parties' proposal at multiple workshops and in ex parte meetings with Commissioners and their advisors.</p> <p>The Joint Parties' proposal contributed to the robust record developed for the Commission on which to base its decision, including advocating for returning the bulk of allowance revenues directly to all households outside of rates, precipitating the Commission's approval of a first-of-its-kind "climate dividend" that anchors the final allocation methodology. The Joint Parties advocated for a direct return of allowance revenues to low income households, highlighting the indirect costs from carbon pricing in the general economy that will fall disproportionately on low income customers. The Commission embraced this reasoning and approach in the final decision. The Joint Parties proposed the only additional policy objectives (customer education) adopted by the Commission. Finally, the Joint Parties presented a detailed proposal on how and why to invest a portion of allowance revenues in supplemental energy efficiency and clean energy programs for utility customers. While the Commission declined to act on the recommendation in this proceeding, the Commission adopted the Joint Parties' interpretation of SB 1018 (Pub. Util. Code § 748.5) that leaves this option available in future energy proceedings before the Commission. Regardless, the contribution of NRDC in conjunction with the Joint Parties was substantive and required significant staff hours to ensure productive recommendations.</p> <p>The Joint Parties presented the only comprehensive proposal from groups dedicated to advancing consumer and environmental interests, which departed sharply from the other competing proposals in the proceeding put forth by the Joint Utilities and large commercial interests. This ensured a robust</p>	<hr/> <p>Verified</p>

<p>record from which the Commission had sufficient information to determine a course of action.</p> <p>NRDC's contribution to the record and final decision in this proceeding vastly exceeds the cost of NRDC's participation.</p>	
<p>b. Reasonableness of Hours Claimed. <i>NRDC's Claims are Reasonable and Conservative</i></p> <p>Alex Jackson led NRDC's efforts in this proceeding, but worked closely with multiple NRDC staff who consulted regularly on the issues at stake in the proceeding, provided substantive work, technical support, and/or guidance particular to their area of expertise. However, none of the hours claimed are from time spent by staff other than Mr. Jackson.</p> <p>The rates requested by NRDC are purposefully conservative and low on the ranges approved by the Commission, even though the levels of expertise of would justify higher rates. NRDC maintained detailed time records indicating the number of hours that were devoted to proceeding activities. All hours represent substantive work related to this proceeding.</p> <p>The amounts claimed are further conservative for the following reasons: (1) No time is claimed for internal coordination, only for substantive policy development; (2) although NRDC spent considerable time developing and coordinating positions and preparing for filings with the other eight members of the Joint Parties, we claim only 7.25 hours in coordination over the duration of the proceeding; (3) we do not claim time for substantive review by other NRDC staff, even though their expertise was critical to ensuring productive recommendations; (4) we do not claim time for regulatory requirements associated with our advocacy (e.g., time spent writing ex parte notices for the proceeding), (5) no time was claimed for advocacy blogs to influence the outcome of the Commission's final decision, even though they were used as advocacy similar to comment writing in the formal proceeding.</p> <p>In addition, we do not claim all the time needed to prepare for this claim. D.12-08-044 reached more than 220 pages, plus appendices, all of which Mr. Jackson reviewed to determine which substantial contributions were integrated into the final decision. We also do not claim for ongoing timekeeping or maintenance related to intervenor compensation, even though it is time consuming.</p> <p>The amount requested preparing this claim is also conservative because NRDC is only claiming time spent by Mr. Jackson - who was the main author of the claim - even though others helped compile various sections of the claim. We also use Mr. Jackson's lowest rate (2011) as the basis for the preparation portion of this claim (as identified in Comment 2 below).</p>	

In sum, NRDC made numerous and significant contributions on behalf of the Joint Parties which required extensive research and analysis. By convening and working through the Joint Parties – a diverse, nine-member coalition – we took every effort to coordinate with other stakeholders to reduce duplication and increase the overall efficiency of the proceeding. Since our work was efficient, hours extremely conservative, and billing rates low, NRDC’s request for compensation should be granted in full.	
c. Allocation of Hours by Issue: See Attachment 1	

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
A.Jackson	2011	150.75	\$185	Comment 2	\$27,888.75	150.75	\$185	\$57,888.75
A.Jackson	2012	105	\$205	Comment 2	\$21,525.00	105	\$205	\$21,525.00
	Subtotal:				\$49,413.75	Subtotal:		49,413.75
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hour s	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
A. Jackson	2012	10	\$102.50	D.10-09-014; Res ALJ 267 1/2 of normal rate	\$1,025	10 [B]	\$102.50	\$1,025.00
	Subtotal:				\$1,025.00	Subtotal:		\$1,025.00
TOTAL REQUEST \$:					\$50,438.75	TOTAL AWARD \$:		\$50,438.75
<p>*We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Claimant’s records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Reasonable claim preparation time typically compensated at ½ of preparer’s normal hourly rate.</p>								
ATTORNEY INFORMATION								

Attorney	Date Admitted to CA Bar ²	Member Number	Actions Affecting Eligibility (Yes/No?) If "Yes," attach explanation
Alexander Jackson	December 4, 2009	267099	No

C. Attachments Documenting Specific Claim and Comments on Part III:

Attachment or Comment #	Description/Comment
Attachment 1	Staff time records and allocation of time by issue area
Comment 1	D.12-12-033 is the culmination of more than two years of work developing a methodology to return revenue generated from the sale of greenhouse gas emissions allowances to customers of the electric investor-owned utilities. While D.12-12-033 addresses a number of those issues, NRDC worked on other matters that were not addressed or resolved in the final decision. We claim hours only for issues directly addressed in D.12-12-033 and reserve the right to claim the remaining time if the remaining issues are resolved in subsequent decisions.
Comment 2	<p>Rationale for Alex Jackson's rate</p> <p><u>2011 Rationale:</u> CPUC has yet to approve a rate for Mr. Jackson for intervenor compensation. In 2011, Alex was a second-year lawyer, similar to Max Baumhefner. We therefore request a rate of \$185 consistent with the recent decision (D.12-11-048), which approved Mr. Baumhefner's 2011 rate at \$185.</p> <p><u>2012 Rationale:</u> In 2012, Mr. Jackson now has three years of experience and therefore we request a rate of \$205, which is the lowest of the published range in Res ALJ-281 for lawyers with 3+ years of experience. Per D.08-04-010, intervenors can qualify for a rate increase when "moving to a higher experience level: where additional experience since the last authorized rate moved a representative to a higher level of experience." (D.08-04-010, at 8.)</p> <p>Mr. Jackson has a JD from UC Berkeley School of Law and a Bachelor's degree in Environmental Policy, Government, and History from Cornell University.</p>

D. CPUC Disallowances and Adjustments:

(A) Inconsistent time records.	NRDC identifies the dates for preparing the Intervenor Compensation claim (February 24 and 25, 2013), but does not record the hours. Ten hours over two days, however, is reasonable in this case. Intervenors, including NRDC, are cautioned to submit
--------------------------------	---

² This information may be obtained at: <http://www.calbar.ca.gov/>.

	complete and accurate time records with future claims or risk disallowance for non-recorded hours.
(B) Hourly rate adoption for Alexander Jackson.	In 2011, Jackson had been a licensed member of the California state bar for 2 years. As such, Jackson falls within the range of attorneys with 0-2 years of experience, or \$150-\$205 per hour per Resolution ALJ-267. The Commission adopts the rate of \$185 per hour for work Jackson completed in 2011. In 2012, Jackson had been a licensed member of the California bar for 3 years, bumping him into the category of attorneys with 3-4 years of experience. As such, the rate of \$205 is approved and within the parameters of Resolution ALJ-281.

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(c)(6))?	Yes

FINDINGS OF FACT

1. Natural Resources Defense Council has made a substantial contribution to Decision 12-12-033.
2. The requested hourly rates for Natural Resources Defense Council's representatives are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$50,438.75.

CONCLUSION OF LAW

1. The Claim, with adjustment set forth above, satisfies all requirements of Public Utilities Code §§ 1801-1812.

ORDER

1. Natural Resources Defense Council is awarded \$50,438.75.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company shall pay Natural Resources Defense Council their respective shares of the award, based on their California-jurisdictional gas and electric revenues for the 2011 calendar year, to reflect the year in which the proceeding was primarily litigated. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning May 12, 2013, the 75th day after the filing of Natural Resources Defense Council's request, and continuing until full payment is made.
3. The comment period for today's decision is waived.

This decision is effective today.

Dated _____, at San Francisco, California.

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision?	No
Contribution Decision(s):	D1212033		
Proceeding(s):	R1103012		
Author:	ALJ Semcer and Halligan		
Payer(s):	Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Dis allowance
Natural Resources Defense Council	2/26/2013	\$50,438.75	\$50,438.75	N/A	N/A

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Alexander	Jackson	Attorney	NRDC	\$185	2011	\$185
Alexander	Jackson	Attorney	NRDC	\$205	2012	\$205

(END OF APPENDIX)